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C O N F I D E N T I A L HANOI 000582

STATE FOR EAP/MLS, EAP/RSP, PM/RSAT

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TAGS: [MCA](#) [PINR](#) [PINS](#) [PREL](#) [RS](#) [VM](#)

SUBJECT: BUILDING VIETNAM'S MILITARY DETERRENT WITH RUSSIAN ARMS

Classified By: Political Counselor Brian Aggeler, E.O. 12958, Reasons:  
1.4 (b) and (d)

¶1. (C) Summary. Increasingly concerned about China's assertive behavior in the South China Sea, the Government of Vietnam (GVN) is pressing ahead with its military modernization program. To better defend its territorial claims and economic interests and present a more potent deterrent to Chinese moves in the area, the GVN has prioritized the acquisition of more potent air and naval assets, including recent purchases of six Kilo class submarines and twelve SU-30 fighter jets from Russia. End summary.

Under the Sea  
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¶2. (U) Admiralty Shipyards in St. Petersburg, Russia, will build six Kilo class diesel-electric submarines for delivery to Vietnam, the Russian business daily Kommersant reported on April 27. In addition to submarines, reports indicate that the Vietnamese Navy will receive new heavyweight torpedoes and missiles. Sources in Rosoboronexport later confirmed that Russia and Vietnam had been negotiating a \$1.8 billion deal for the delivery of the six Kilo-class submarines to the Vietnamese navy for about a year. The South China Morning Post added that the deal, if finalized, would complete a two-decade effort by Hanoi to obtain Kilos.

¶3. (SBU) Professor Carl Thayer, a veteran Vietnam military watcher with the Australian Defense Force Academy, confirmed that Hanoi's desire to obtain Kilos dates back to before ¶1991. At the time, Vietnam was in talks with the Soviet Union, which collapsed before a deal could be sealed. More recently, Vietnamese naval chiefs sought second-hand Kilos from Serbia. Hanoi reportedly acquired two mini-submarines from North Korea in 1997, either for use in commando operations or to start a development and training program, but the Vietnamese People's Navy does not yet have any full size submarines.

¶4. (SBU) Kilo class submarines, nicknamed "Black Holes" for their ability to avoid detection, are among the quietest diesel-electric submarines in the world. The submarine is designed for anti-submarine warfare and anti-surface-ship warfare, as well as for general reconnaissance and patrol missions. The vessel has a displacement of 2,300 tons, a maximum depth of 350 meters (1,200 feet), a range of 6,000 miles, and a crew of 57. It is equipped with six 533-mm torpedo tubes. As of November 2006, 16 vessels were believed to be in active service with the Russian Navy, with eight more in reserve. Another 29 vessels are thought to have been exported to China, India, Iran, Poland, Romania and Algeria.

## Venezuela - No Subs for You!

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15. (C) Several Russian press reports note that these submarines were once planned for Venezuela, adding that Russia's Rosoboronexport broke a contract with Venezuela to supply the submarines after the April 18 meeting between the South American country's president, Hugo Chavez, and U.S. President Barack Obama, at which Chavez indicated his desire to improve relations with the United States. (Comment: Chavez's offer of friendship to President Obama is an unlikely and rather thin public rationale for canceling a \$1.5 billion arms purchase, particularly given that Venezuela is one of Russia's top five purchasers of military equipment and weaponry. The sinking global oil market, and Venezuela's growing economic dependence on its declining oil production for revenue, are far more probable reasons for the delay and shift. End Comment.)

## Into the Wild Blue Yonder

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16. (SBU) Less than one month later, a May 14 report from Vedomosti newspaper, citing top aviation industry officials, stated that Russia has also secured an order from Vietnam for 12 Su-30 MK2 fighter jets worth more than \$500 million dollars. The contract with Russian state arms exporters Rosoboronexport was signed in January, according to the paper.

17. (SBU) While the supersonic fighter jets are to be sold without on-board weapons, the MK2 version of the Su-30 has electronics that enable the use of anti-ship missiles. Contracts for missiles and other arms to equip the planes are worth hundreds of millions of dollars more. No timeframe for delivery has been confirmed; however, several press reports indicated that the first of the aircraft are expected to be delivered by the end of the year.

18. (C) Although Vietnam already has twelve Su-30s and 36 of the similar Su-27 fighters, most of Vietnam's roughly 400 warplanes are 1960's era MiG-21 fighters and Su-22 ground attack aircraft, making this purchase an important element in Vietnam's efforts to upgrade its military forces. Developed near the end of the Cold War, the 33-ton Su-30 is similar to the U.S. F-15, but costs about a third less and is recognized as one of the better fighters produced by Russia.

## Russia: Happiness is a Warm Gun

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19. (SBU) At the peak of ideological ties between Hanoi and Moscow, the three-and-a-half decades between the mid-1950s and 1990, the former Soviet Union flooded Vietnam with concessionary loans and arms shipments. The USSR supplied North, and later unified, Vietnam with 2,000 tanks, 1,700 armored vehicles, 7,000 pieces of artillery and mortars, 5,000 pieces of artillery, 158 missile complexes, 700 warplanes, 120 helicopters, and more than 100 naval vessels. Some three quarters of the weaponry now used by the Vietnamese army is Russian. After the Soviet Union's collapse, its military aid was replaced by Russian commercial armament sales because Vietnam's 450,000-strong army still needs Russian arms and spare parts.

110. (SBU) In 1995, Vietnam bought six Su-27 Flanker fighter jets for \$150 million and in 1997 signed a contract for six more planes and spare parts. Since then, Vietnam has taken delivery of 12 Russian-built Su-30 multirole jet fighters, and the recent purchase will bring that total to 24. Over the past few years, Russia has also helped Vietnam beef up its navy by providing it with corvettes and guided-missile frigates. With the recent submarine and aircraft contracts, Vietnam becomes one of Russia's five largest arms clients, alongside India, Algeria, Venezuela and China.

## Comment: Expanding Vietnam's Deterrent

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¶11. (C) These recently-concluded arms deals fit a pattern over the last ten to twenty years of Vietnam attempting to modernize its military capabilities. However, the purchase of the six submarines is particularly significant as they will give Vietnam a quantum leap in anti-submarine and anti-ship warfare capabilities and furnish Vietnam with the most advanced undersea warfare capabilities in the whole of Southeast Asia.

¶12. (C) Apart from an overall military modernization effort, Vietnam is counting on the submarines to change the military equation in the South China Sea. Vietnam and China generally enjoy close relations, but the conflict over sovereignty, territorial claims and maritime resources in the South China Sea is a persistent source of tension. While Vietnam cannot hope to match China in naval power, it can make any conflict over disputed claims a complex and risky proposition for China. The Kilo-class submarines represent an asymmetric threat that could potentially deny Chinese control over the area if they attempt to seize disputed islands by force.

¶13. (SBU) Vietnam's ability to afford its new purchases remains to be seen. The recent economic downturn has had less of an impact on Vietnam than on many of its neighbors, but with a total defense budget speculated to be on the order of \$3.6 billion, it is unlikely the GVN has the resources to pay for the new submarines outright. More likely, Vietnam will pay Russia through a combination of barter arrangements and some funds over time.

PALMER